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ORIGINAL  
OPEN MEETING AGENDA ITEM

RECEIVED

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2004 APR 14 P 4: 33

AZ CORP COMMISSION  
DOCUMENT CONTROL

Arizona Corporation Commission  
**DOCKETED**

APR 14 2004

DOCKETED BY

*[Signature]*

Attorneys for Santa Cruz Water Company and Palo Verde Utilities Company

**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE APPLICATION  
OF PALO VERDE UTILITIES COMPANY  
FOR AN EXTENSION OF ITS EXISTING  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY.

DOCKET NO. SW-03575A-03-0586

IN THE MATTER OF THE APPLICATION  
OF SANTA CRUZ WATER COMPANY,  
FOR AN EXTENSION OF ITS EXISTING  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY.

DOCKET NO. W-03576A-03-0586

**NOTICE OF FILING**

Pursuant to the March 31, 2004 Procedural Order, Palo Verde Utilities Company and Santa Cruz Water Company ("Applicants") hereby file the testimony of Ms. Cindy Liles, Applicants' General Manager. Among other things, Ms. Liles' testimony addresses the organizational structure and qualifications of Global Water Resources, which recently acquired the Applicants.

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1 DATED this 14<sup>th</sup> day of April 2004.

2  
3 FENNEMORE CRAIG, P.C.

4  
5 By: 

6 Jay I. Shapiro

7 Patrick J. Black

8 Attorney for Palo Verde Utilities Company and  
9 Santa Cruz Water Company

10 ORIGINAL and 15 copies of the  
11 foregoing delivered this 14<sup>th</sup>  
12 day of April, 2004, to:

13 Docket Control  
14 Arizona Corporation Commission  
15 1200 West Washington Street  
16 Phoenix, Arizona 85007

17 COPY hand-delivered this  
18 14<sup>th</sup> day of April, 2004 to:

19 Dwight D. Nodes  
20 Hearing Division  
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7 **BEFORE THE ARIZONA CORPORATION COMMISSION**  
8

9  
10 IN THE MATTER OF THE APPLICATION  
OF PALO VERDE UTILITIES COMPANY  
11 FOR AN EXTENSION OF ITS EXISTING  
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15 NECESSITY.

DOCKET NO. W-03576A-03-0586

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**TESTIMONY OF CINDY LILES**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Cindy M. Liles. My business address is 22601 North 19<sup>th</sup> Avenue, Suite 210,  
3 Phoenix, Arizona 85027.

4 **Q. BY WHOM ARE YOU EMPLOYED?**

5 A. I am the General Manager of Palo Verde Utilities Company and Santa Cruz Water  
6 Company (collectively, the "Applicants"). I am also Chief Financial Officer and Vice  
7 President of Operations for Global Water Resources ("GWR"). GWR is the owner of  
8 Santa Cruz Water Company and Palo Verde Utilities Company.

9 **Q. WHEN DID GWR ACQUIRE THE APPLICANTS?**

10 A. GWR purchased all ownership interest in the two utilities from Phoenix Capital Partners  
11 and Phoenix Utility Management in a transaction that closed February 2, 2004.

12 **Q. WERE ANY OF APPLICANT'S ASSETS TRANSFERRED AS PART OF THE**  
13 **TRANSACTION BETWEEN GWR AND PHOENIX CAPITAL**  
14 **PARTNERS/PHOENIX UTILITY MANAGEMENT?**

15 A. No. GWR purchased 100% of the membership units in the two utility companies from  
16 Phoenix Capital Partners and Phoenix Utility Management. Meanwhile, the Applicants'  
17 assets were and are owned by the two utilities. It is best thought of as a "stock" sale  
18 where you acquire the whole entity, assets, liabilities and all.

19 **Q. WILL THERE BE CHANGES IN APPLICANTS' OPERATIONS AS A RESULT**  
20 **OF THIS TRANSACTION?**

21 A. Not really, although Michael Reinbold, who was also associated with Phoenix Capital  
22 Partners and Phoenix Utility Management, has resigned as Applicants' President.

23 **Q. COULD YOU PLEASE DESCRIBE THE STRUCTURE AND QUALIFICATIONS**  
24 **OF GWR INCLUDING IDENTIFYING THE OWNERSHIP INTERESTS OF THE**  
25 **INDIVIDUALS AND/OR COMPANIES WHO OWN GWR?**

26 A. Certainly, GWR is a utility holding company, which is 100% investor/manager owned and

1 operated. Its mission is to build and acquire utilities and provide high quality water,  
2 wastewater and reclaimed water service to its customers. Additional information  
3 regarding the ownership structure, the background on the owners, directors, and  
4 management and their experience in the utility industry is included herewith as Exhibit A.

5 **Q. ARE GWR AND THE TWO APPLICANTS WILLING TO ABIDE BY**  
6 **REASONABLE ONGOING OVERSIGHT BY THE COMMISSION?**

7 A. GWR recognizes the Commission's interest in ensuring continuity of management within  
8 the regulated utilities and its interest in understanding the control and ownership of the  
9 companies which own the membership interests in the regulated utilities . GWR would be  
10 happy to provide the Commission with information if any change of ownership or  
11 management of the Applicants takes place in the future . Of course, it must be noted that  
12 GWR is not a public service corporation, and therefore is not subject to Commission  
13 regulation, and the Applicants are not, at this time, Class A investor owned utilities.

14 **Q. BUT, MS. LILES, YOU DO RECOGNIZE THE COMMISSION'S DESIRE TO**  
15 **PROTECT CONSUMERS OF UTILITY SERVICES PROVIDED BY THE**  
16 **APPLICANTS, CORRECT?**

17 A. Absolutely, and we, like the Commission, take those consumer interests very seriously.  
18 We are certainly willing to accept any reasonable conditions that relate to the provision of  
19 water and wastewater utility services to our customers.

20 **Q. DOES THAT CONCLUDE YOUR TESTIMONY IN THIS MATTER?**

21 A. Yes it does.  
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26

# **EXHIBIT A**

# Global Water Resources

## Corporate Profile



### The Company

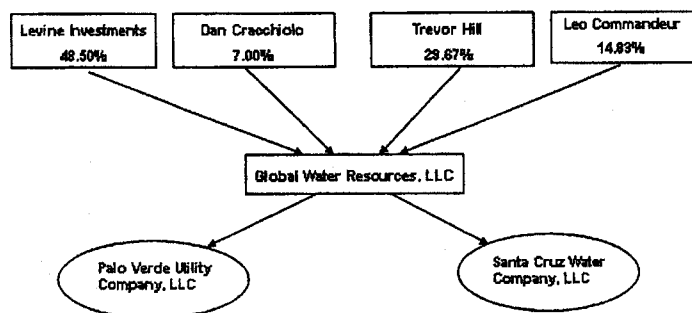
Global Water Resources, LLC was founded specifically to aggregate and consolidate small and medium size water and wastewater utilities in the Southwestern United States. The company, headquartered in Phoenix, Arizona, has assembled an extremely strong board of directors/investors with specific and relevant experience in the area of utility consolidation and operations management. The company has been initially capitalized with \$50 MM of equity.

### Ownership

Global Water Resources is 100% investor/manager owned and operated, and is tightly held by its founding board and management.



#### Ownership Structure



### Mission

To build and acquire world class utilities and provide high quality water, wastewater and reclaimed water service to our customers, through knowledgeable people and sound infrastructure and strategic investment.

### The Board of Directors

#### **William S. Levine** **Chairman of the Board**

Mr. Levine was one of the founders of Outdoor Systems, now known as Viacom Outdoor, an outdoor advertising / billboard firm. The company grew through acquisitions to become the largest outdoor advertising company in the nation. In December of 1999, Outdoor Systems was acquired by Infinity Broadcasting Corporation, which was subsequently acquired by Viacom. Mr. Levine is a significant stockholder of Viacom, owning in excess of 14 million shares of Viacom stock.

Mr. Levine is the founder, director and officer of several successful operating companies.

Mr. Levine is also the co-founder and majority owner of Allstate U Lok Storage Co., a chain of self storage / mini-warehouses totaling over one million square feet.

Mr. Levine has been a significant real estate developer, owner, operator and lender for many years. He has been involved in land development, master planning, office, industrial and commercial projects. He is currently involved in developing ten grocery-anchored shopping centers in the Phoenix Metro area. Mr. Levine's portfolio of real estate exceeds \$200 million of equity.

Mr. Levine has been a resident of Phoenix for over forty years.

#### **Daniel Cracchiolo**

Raised in Arizona, Mr. Cracchiolo served as a 1st Lieutenant in the United States Air Force from 1954 to 1956 after attending the University of Arizona where he received his Juris Doctorate in 1952. He was admitted to the Arizona State Bar in 1952 and was admitted to practice before the U.S. Supreme Court in 1957. From 1952 through 1954 and from 1956 to 1957 Mr. Cracchiolo served as Deputy County Attorney of Maricopa County, thereafter entering private practice and co-founding the firm of Burch & Cracchiolo in 1970.



# Global Water Resources

## Corporate Profile



Mr. Cracchiolo is a member of the Maricopa County and American Bar Associations, the State Bar of Arizona, Phoenix Association of Defense Counsel, American Board of Trial Advocates, American Judicature Society, International Association of Defense Counsel and International Academy of Trial Lawyers. He is listed in two categories in "Best Lawyers In America". He is a Regent of Brophy College Preparatory, a member of the Board and past President of COMPAS and serves as President and Director of the Steele Foundation, an organization dedicated to the support of charitable, religious, educational and scientific purposes.

Mr. Cracchiolo has been a resident of Arizona and in the water business through his family owned Bella Vista Water Co., in Sierra Vista for over 50 years.

### **Trevor T. Hill, P.Eng** **President & CEO**

Raised in Vancouver, British Columbia, Mr. Hill graduated from Royal Roads Military College with a bachelor of Engineering in Mechanical Engineering in 1987. Mr. Hill attended the Royal Naval Engineering College in Plymouth, England where he completed his post-graduate studies in 1988. He served with the Canadian Navy as an Engineering officer retiring in 1994 after serving as Deputy Engineering officer in HMCS Huron in the 1991 Gulf War where he was decorated with the Gulf Kuwait Medal.

In 1994 Mr. Hill co-founded Hill, Murray & Associates, a design-build firm specializing in the construction and operation of water reclamation facilities in British Columbia and the Canadian Arctic. In 2000, Mr. Hill co-founded Algonquin Water Resources of America, a division of the Algonquin Power Income Fund. In his role of Director of Operations for AWRA, he led the acquisition team, acquiring 6 utilities in 3 years and amassing 37,000 customers in Arizona and Texas. In 2003, Mr. Hill co-founded Global Water Resources, a company established to acquire regulated utilities in the Southwestern United States. As President and CEO of Global Water, Mr. Hill is responsible for acquisition activities and the overall operations of Global Water Resources. Mr. Hill is a registered Professional Engineer and has been a resident of Arizona for 3 years.

### **The Executive Management Team**

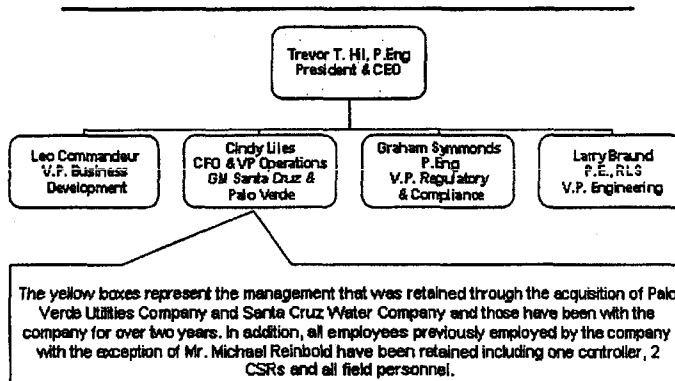
#### **Leo Commandeur** **VP Business Development**

Raised in Nelson, British Columbia, Mr. Commandeur attended Selkirk College where he studied accounting and business. Mr. Commandeur then further studied accounting through the society of management accountants or CMA Association. Mr. Commandeur spent several years in public accounting practice then branched out into the private sector.

In 1991, Mr. Commandeur co-founded Visionary Solution Corporation, an information technology company with offices in Seattle, Vancouver, Calgary, and Victoria. As the CFO and Director of the company. Mr. Commandeur led the growth and strategic direction of the company. During 1996, the company was taken public on a Canadian Stock Exchange and eventually sold in 1998 to a Norwegian Public Company. In 2000, Mr. Commandeur co-founded Algonquin Water Resources of America, a division of the Algonquin Power Income Fund. In his role of Director of Business Development for AWRA, he was a member of the acquisition team. In 2003, Mr. Commandeur co-founded Global Water Resources and as V.P. Business Development of Global Water, Mr. Commandeur is responsible for acquisitions. He has been a resident of Arizona for 3 years.



### **Executive Management Team**



# **Global Water Resources**

## **Corporate Profile**



### **Graham Symmonds, P.Eng** **VP Regulatory & Compliance**

Mr. Symmonds was born in Uk and graduated from the University of Toronto in 1985 with a Bachelor of Applied Science degree in Mechanical Engineering. In 1986, Mr. Symmonds was commissioned as an officer in the Canadian Navy and spent nine years employed in a variety of operational and support units, and concluded his post-graduate education at the Royal Naval Engineering College in Plymouth, England.

In 1995, Mr. Symmonds joined Hill, Murray & Associates as Director of Operations and developed the formal design control practices for membrane bioreactor water reclamation facilities. Mr. Symmonds subsequently implemented the mechanisms required to measure the performance of the plants and implemented Design Validation trials agenda for each system.

In 2001, Mr. Symmonds joined Algonquin Water Resources of America, where, after a brief stint as the staff engineer, was promoted to Utility Manager for all of AWRA's utilities in Arizona and Texas, responsible for all business, technical and regulatory operations. In 2003, Mr. Symmonds joined the Global Water team as the VP Regulatory and Compliance.

### **Cindy Liles, CPA** **CFO & VP Operations**

Ms. Liles was raised in Mississippi and graduated from Delta State University with a bachelors degree in accounting. Ms. Liles is a certified public accountant (CPA) and was employed by Holiday Inns Worldwide, headquartered in Memphis, Tennessee. Ms. Liles was asked to join the team assigned to structure the sale of Holiday Inns balance sheet to Bass, PLC in 1990 while brands Embassy Suites, Homewood Suites, Hampton Inns and Harrahs Casinos were spun off to form Promus Corporation.

Ms. Liles, as Manager of Accounting, hired the staff for the Bass, PLC offices in Atlanta, Georgia and provided consulting to Promus Corporation until 1994. For the next six years, Ms. Liles was the Senior Vice President and Chief Accounting Officer for Mid-America Apartment Communities, an apartment real

estate investment trust (REIT) headquartered in Memphis, TN trading on the New York Stock Exchange as MAA. Ms. Liles relocated to Phoenix, Arizona in 2001 to partner with the development company who formed Santa Cruz Water Company and Palo Verde Utilities Company.

Ms. Liles was CFO and General Manager of these companies which were formed to provide water and wastewater services to the fast growing area near Maricopa, AZ. Upon the acquisition by Global Water in 2004, Ms. Liles joined the team as CFO and VP Operations.

### **Larry Braund, PE, RLS** **VP Engineering**

Mr. Braund was raised in Michigan and served for 4 years in the United States Air Force. He graduated from the University of North Dakota with a Bachelor of Science in Civil Engineering.

In 1975, he co-founded Johnson Braund Design Group in Seattle, Washington and served as President of the firm for 10 years. The firm specialized in hotels, multi-family projects, and land development. The firm was sold to employees in 1985.

In 1985, he founded and became President of LSB International, Inc., an Arizona Corporation. LSB International (LSB) is a consulting engineering firm which specializes in providing it's clients with land development expertise in the areas of master land planning, entitlements and zoning, engineering design of streets and infrastructure, and construction management.

In 1996, Mr. Braund assisted in the formation Santa Cruz Water Company and Palo Verde Utilities Company to serve Rancho El Dorado and the surrounding, adjacent developments, in and near Maricopa, AZ. Mr. Braund served as Vice President of both companies. Mr. Braund now holds the position of VP Engineering for Global Water.

Mr. Braund holds registrations as a Professional Engineer in Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, Oregon, Texas, and Washington. In some of the States he also holds registrations as a Registered Land Surveyor.

# OPEN MEETING AGENDA ITEM

Open Meeting Date: TBD RECEIVED

Company Name: Palo Verde & Santa Cruz 2007 APR 14 P 4: 33

Matter/Issue: \_\_\_\_\_ AZ CORP COMMISSION  
DOCUMENT CONTROL

Docket Number: SW-03575A-03-0586

Docket Number: W-03576A-03-0586

NAME	INITIALS	DATE
Commissioner Marc Spitzer	BC	4-14-04
Commissioner Kristin Mayes	KM	4/14/04
Commissioner William Mundell	WM	4-14-04
Commissioner Mike Gleason	MG	4/14/04
Commissioner Jeff Hatch-Miller	JH	4/14/04
Hearing	my	4/14/04
Legal	LO	4/14/04
Executive Secretary	ym	4/14/04
Utilities:	MOB	4/14/04
Assistant Director		
Director - The Director's copy, and all remaining copies, go to the Director's Secretary.		

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